INTERNAL CONTROL POLICY

1. SCOPE OF RESPONSIBILITY

Armthorpe Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for; and used economically, efficiently and effectively.

Regulation 4 of the Accounts and Audit (England) Regulations 2011, imposes a duty on local Councils to ensure "that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the Clerk who is the Responsible Financial Officer, but the Council members must ensure that they have an understanding of those controls and are responsible for checking that they are operated effectively.

3. RESPONSIBILITY FOR THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council:

- The Council as a corporate body is responsible under statute for certain decisions which cannot be delegated, such as the setting of the precept and approval of the Annual Governance and Accountability Return (AGAR).
- The Council will make and keep under review Financial Regulations and may include within its Standing Orders particular provisions relating to contracts.
- The Council's System of Internal Control is ancillary to and underpins the Financial Regulations and Standing Orders.
- The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful with the advice of the Parish Clerk.
- Neither the Chairman nor any individual Councillor may make decisions on behalf of the Council.
- The Council is required to appoint an independent Internal Auditor.
- An annual work programme for the Internal Auditor will be agreed by the Council, and the Internal Auditor will provide a certificate to be submitted with the AGAR as part of the annual external audit.
- Reports from the Internal Auditor shall be presented to the Council.
- The Chairman shall sign each page of the minutes once approved at Council meetings.
- Decisions are made in accordance with the Standing Orders and Financial Regulations approved by the Council.
- The Council approves a budget for the following financial year by the end of January, and this budget determines the level of precept set for the following financial year.

- The Council shall receive a budget report monthly alongside a financial statement and a report on bank reconciliation.

3.2 Officers:

- The Council has appointed a Parish Clerk who as Proper Officer acts as the Council's advisor and administrator.
- The Clerk is the also Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances.
- The Clerk is responsible for the day-to-day compliance with laws and regulations that the Council is subject to and for managing risks.
- The Clerk also ensures that the Council's procedures, control systems and polices are maintained.
- The duties of the Clerk / RFO are laid down in a job description which is reviewed from time to time by the Council or a nominated committee.
- The Clerk / RFO shall check and authorise payments prior to their presentation for signature in accordance with the approved financial procedures.
- The Clerk/RFO submits all the requested information to the internal and external auditor by the required dates.
- The Clerk/RFO arranges for public notices to be displayed.
- The Clerk/RFO retains all relevant documents relating to finance in accordance with best practice and the Council's Document Retention Policy (Annual Return, VAT Returns, PAYE/NIC information, Public notices, fixed asset register, risk assessments, accounts and supporting information).

3.3 Internal scrutineer:

- The Council has appointed two Councillors as internal scrutineers to carry out internal scrutiny checks.
- These checks are carried out twice a year and are reported to the Council.

3.4 Internal Auditor:

- The Council will appoint a suitably qualified and experienced independent Internal Auditor who will report to the Council in accordance with the scope of internal audit, sufficient to provide an adequate level of assurance for the Council to complete assertions 2 and 6 on the AGAR.
- The Internal Auditor will conduct two audits per year.
- The effectiveness of the internal audit shall be reviewed annually, and the Council agrees the appointment of the Internal Auditor.
- The scope of the work of the Internal Auditor is reviewed annually, the review and the appointment are minuted. The Internal Auditor will report to the Council on the adequacy of its:
    - Proper bookkeeping arrangements
    - Corporate governance, financial regulations and risk management procedures
    - Payment and salary procedures
    - Budgetary control
    - Income control
    - Asset registers
    - Bank reconciliation and end of year procedures

- The reports of the Internal Auditor are considered at the following Parish Council meeting as per Financial Regulations 3.12.

3.5 External Audit:

- The Council's External Auditors are appointed in accordance with the current statutory accounting and audit framework.
- The Council shall display public notices of the Exercise of Electors' Rights and Conclusion of Audit as required by regulation.

4. **FINANCIAL AND ACCOUNTING PROCEDURES**

4.1 Internet Banking:

Payments are either raised by the Clerk and authorised by a Councillor or raised by a Councillor under instruction of the Clerk / RFO and authorised by another Councillor.

4.2 Invoicing:

Invoices shall be rendered on the basis of the scale of fees and charges effective at the time. The Parish Council will review these annually before the start of the next financial year. All invoices shall bear reference to payment terms of not more than 30 days.

4.3 Cash and cheque handling/security:

The Clerk will receive all income, usually via bank transfer or card payment. Any cash and cheques received shall be kept safely in a locked place and shall be periodically banked. All income shall be reported to the Council.

4.4 Salaries and other staff payments:

The Clerk prepares payroll for all employees. Salaries and other staff payments shall be made by the Clerk by no later than the 15th day of each month (by BACS). Payments shall be paid on the basis of information agreed and reviewed from time to time by the Parish Council. Supplementary payments for additional duties beyond the core duties of staff shall be made upon the Clerk/Council's discretion, they will be endorsed by the Clerk and reported to the Council. Mileage and any other expenses shall be reimbursed in accordance with rates approved by the Council from time to time. The end of year Form P35 shall be filed on line after completion by the Clerk.

5 Budgetary Control:

The Clerk/RFO will ensure that all accounts certified for payment are endorsed within the correct budgetary centre. The Clerk (RFO) shall every month reconcile statements of the Parish Council's accounts taken from the information contained in Rialtas with copies of the relevant bank statements. The Council shall receive a budget report quarterly alongside a financial statement and a report of bank reconciliation. The Clerk will start work in September/October for the purposes of budgetary control review and the preparation of estimates for presentation to the December/January Parish Council meeting. At that meeting, the Parish Council will approve such estimates, and determine its budget requirement and consequent precept for the next financial year.

4.6 Procurement Financial:

Regulations provide a framework and set procedures for dealing with contracts of certain values. Working beneath that framework, provision needs to be made for the day-to-day operational work of the Parish Council to be administered, and to that end the Clerk is authorised to issue orders for office and other supplies to support the Parish Council's administration and day to day operation within agreed budgets.

The Clerk may incur expenditure on behalf of the Council which is necessary for the purposes of any repair, replacement or other work of an urgent nature, whether or not budgetary provision exists for such expenditure, up to a limit of £500. The Clerk shall report the action to Council or the appropriate Committee at the next available meeting.

5. ASSET MANAGEMENT

The Council's asset register, land register and deed register are to be reviewed on an annual basis by the Council.

6 RISK MANAGEMENT

The Council's Risk Assessment of its land, property, and activities are to be reviewed on an annual basis by the Council.

7 REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of internal control. The review of the effectiveness of internal control is conducted through the work, issues and recommendations identified by:

- Ordinary Council – identification of new activities.
- Clerk – responsible for the development and maintenance of the internal control environment and managing risks.
- Committees of Finance & General Purposes – report and recommendations.
- Independent internal auditor – reviews the Council's system of internal control. The independent internal audit will make a written report to the Council in addition to the report contained on page 3 of the Annual Governance & Accountability Return (AGAR)
- The external auditor – makes the final check using the AGAR, a form completed and signed by the clerk, the chair and the internal auditor. The external auditor issues an annual audit certificate.

Dated: 10th November 2025
Approved: 7th April 2026
Review: Annually